

Message Text

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TAGS: BEXP, CE

SUBJECT: NEGOTIATIONS ON AMERICAN FILMS

REF: STATE 63814

1. DURING CALL OF RICHARD GARNITZ, DEPARTMENT OF COMMERCE, AND EMBOFFS UPON D.B. NIHALSINGHE, GENERAL MANAGER, STATE FILM CORPORATION (SFC), LATTER MADE PROPOSAL TO END IMPASSE BETWEEN SELVES AND MOTION PICTURE EXPORT ASSOCIATION OF AMERICA (MPEAA). WHILE PROPOSAL WAS NEW TO US, NIHALSINGHE SAID THAT IT HAD PREVIOUSLY BEEN SUGGESTED TO MPEAA AGENTS IN BOMBAY, KINEMATOGRAPH RENTERS SOCIETY (KRS).

2. BASIC PROPOSAL WAS THAT MPEAA APPOINT REPRESENTATIVE, LOCAL OR OTHERWISE, TO OPEN OFFICE ON SFC PREMISES, TO IMPORT AND DISTRIBUTE FILMS UNDER CERTAIN GUIDELINES TO BE NEGOTIATED WITH SFC. IF THIS MODUS VIVENDI WOULD SATISFY MPEAA'S RELUCTANCE TO DEAL WITH STATE MONOPOLY, SFC WILL BE WILLING TO TOLERATE WHAT IS APPARENTLY SLIGHT BENDING OF LAW IMPLEMENTED APRIL 1 GUARANTEEING SFC FILM DISTRIBUTION MONOPOLY. NIHALSINGHE WAS QUITE EXPLICIT

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THAT MPEAA REPRESENTATIVE SHOULD HAVE OFFICE

IN SFC BUILDING AND WORK INCLOSE COORDINATION WITH SFC BUT THAT REP WOULD BE ABLE TO DECIDE QUESTIONS OF DISTRIBUTION HIMSELF, ONCE CERTAIN GUIDELINES WERE MUTUALLY AGREED UPON.

3. NIHALSINGHE APPEARED INTERESTED IN DISCUSSING THIS PROPOSAL AND OTHER DISPUTED MATTERS DIRECTLY WITH MPEAA REPRESENTATIVE RAHTER THAN THROUGH KRS. HE WILL BE IN LONDON FOR THREE WEEKS DURING MAY AND THOUGHT SOME MEETING COULD BE ARRANGED AT THAT TIME. HE MENTIONED OTHER ALTERNATIVE OF OUTRIGHT PURCHASE OF U.S. FILMS IF NO RENTAL AGREEMENT COULD BE REACHED. HE STRESSED THAT SUCH PURCHASES WOULD HAVE TO BE VERY LIMITED BECAUSE OF PAUCITY OF AVAILABLE FOREIGN EXCHANGE.

4. FORMER PRIVATE SECTOR DISTRIBUTOR OF AMERICAN FILMS, CEYLON THEATERS CORP., HAS BEEN DIVESTED OF FILM DISTRIBUTION BUSINESS, EFFECTIVE WITH APRIL 1 FINAL IMPLEMENTATION OF NEW LAY. THEY HAVE TURNED OVER BUSINESS RECORDS TO SFC BUT WILL RETAIN CUSTODY OF DISPUTED AMERICAN FILMS UNDER ORDERS FROM AND AS AGENTS FOR SFC. KRS AND PRESUMABLY MPEAA WANT FILMS DESTROYED SINCE CONTRACT HAS EXPIRED BUT THAT WILL BE NO PROBLEM IF NEW AGREEMENT REACHED.

5. FOR COMMERCE: PLEASE MAKE APPOINTMENT FOR GARNITZ MONDAY OR TUESDAY , (" 48) 12 OR 13, WITH GRIFF JOHNSON OF MPAA. GARNITZ WILL HAND-CARRY COPY OF FILM LAW NOTED ABOVE. NOTIFY HOSTLER.

6. COMMENT: IF BASIC STUMBLING BLOCK TO AGREEMENT IS QUESTION OF DEALING WITH GOVERNMENT MONOPOLY, THIS PROPOSAL SEEMS TO BE STEP FORWARD. OBVIOUSLY, QUESTION OF AMOUNT OF FOREIGN EXCHANGE ALLOWED TO BE REMITTED REMAINS BUT THAT TOO SHOULD BE NEGOTIABLE AND GENERAL MANAGER SO INDICATED. IT SEEMS TO US THAT THIS UNILATERAL OFFER IS ANOTHER INDICATION THAT SFC VERY MUCH WANTS ACCESS TO U.S. FILMS AND IS WILLING TO COMPROMISE LIMITED OFFICIAL USE

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TO ACHIEVE THAT END. PART OF PROBLEM THROUGHOUT HAS APPARENTLY BEEN CIRCUITOUS DEALINGS WITH MPEAA VIA KRS WITH WHOM SFC RELATIONS ARE PARTICULARLY BAD. ANOTHER SFC DIRECTOR, N. BALASUBRAMANIAM WHO IS ALSO A DIRECTOR IN MINISTRY OF DEFENCE AND FOREIGN AFFAIRS (MDFA) WITH WHOM WE TALKED SEPARATELY INDICATED THAT ONLY MPEAA RESIDENT REP, NOT KRS REP, WOULD BE ACCEPTABLE ALTHOUGH GENERAL MANAGER INDICATED THAT MPEAA REP

WOULD BE PREFERABLE. WE SUGGEST THAT NEGOTIATIONS
BE CARRIED ON DIRECTLY BY MPEAA ITSELF VIA ASIAN
REP FROM MANILA OR IN LONDON DURING NIHALSINGHE'S
VISIT. FORMER MIGHT BE PREFERABLE IN ORDER TO INVOLVE OTHER PARTS
OF GSL, INCLUDING MDFA, PUSHING HARD FOR COMPROMISE.

7. FOR BOMBAY: WE REQUEST THAT THIS INFORMATION
NOT BE PASSED ON TO KRS AT THIS TIME.
VAN HOLLEN

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